

Finance

MISSION STATEMENT

The mission of the Department of Finance is to prudently manage financial operations, recommend and implement sound fiscal policies, safeguard public assets, and encourage a safe environment on public property.

BUDGET OVERVIEW

The total recommended FY06 Operating Budget for the Department of Finance is \$49,112,130, an increase of \$7,042,170 or 16.7 percent from the FY05 Approved Budget of \$42,069,960. Personnel Costs comprise 21.8 percent of the budget for 109 full-time positions and two part-time positions for 116.5 workyears. Operating Expenses account for the remaining 78.2 percent of the FY06 budget.

Not included in the above recommendation for the General Fund is a total of \$703,880 and 6.9 workyears that are charged to: Community Use of Public Facilities (\$3,560, 0.1 WY); Self Insurance Internal Service Fund (\$38,940, 0.4 WY); BIT 457 Deferred Comp. Plan (\$16,990, 0.1 WY); Human Resources, Employee Health Benefit Self Insurance Fund (\$108,210, 1.0 WY); Human Resources, Employee Retirement System (\$36,250, 0.3 WY); Human Resources, Retirement Savings Plan (\$18,120, 0.2 WY); Bethesda Parking District (\$67,030, 0.9 WY); Montgomery Hills Parking District (\$5,110, 0.1 WY); Silver Spring Parking District (\$39,490, 0.5 WY); Wheaton Parking District (\$12,370, 0.2 WY); Public Works and Transportation, Printing and Mail Internal Service Fund (\$4,080, 0.1 WY); Solid Waste Collection (\$31,650, 0.4 WY); Solid Waste Disposal (\$295,430, 2.3 WYs); and Vacuum Leaf Collection (\$26,650, 0.3 WY). The funding and workyears for these items are included in the receiving departments' budgets.

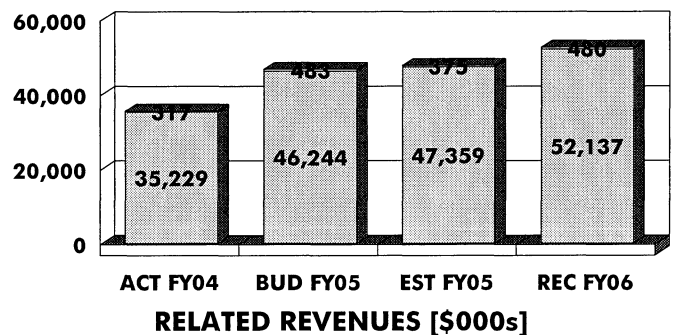
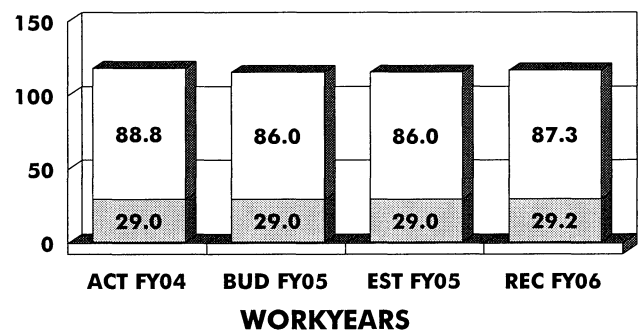
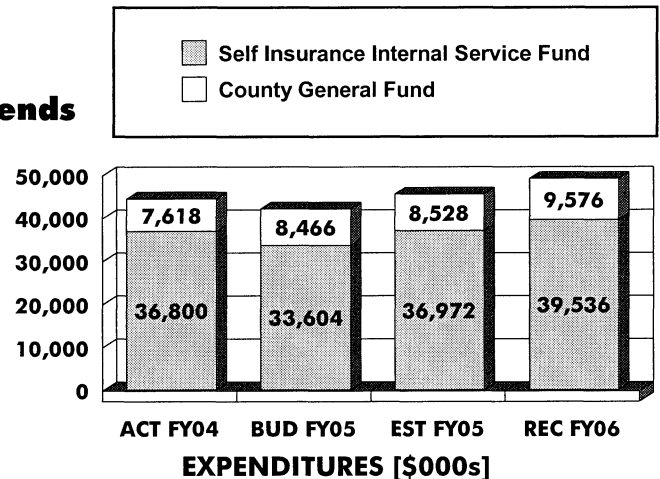
The Finance Operating Budget is composed of a General Fund component (the Director's Office and the Divisions of Treasury and Controller) and the Risk Management Division, which is funded by the Liability and Property Coverage Self-Insurance Fund. The total FY06 Operating Budget for the General Fund component is \$9,576,420, an increase of \$1,110,820 or a 13.1 percent from the FY05 approved budget of \$8,465,600. Personnel Costs comprise 82.8 percent of the General Fund budget for 97 full-time and 2 part-time positions for 87.3 workyears. Operating Expenses account for the remaining 17.2 percent of the budget.

The total FY06 Operating Budget for the Self-Insurance Fund component of Finance (Risk Management) is \$39,535,710, an increase of \$5,931,350 or 17.7 percent from the FY05 approved budget of \$33,604,360. Personnel Costs comprise seven percent of the Self-Insurance Fund budget for 12 full-time positions for 29.2 workyears. Operating Expenses account for the remaining 93 percent of the budget. Included in the total workyears are 17.0 workyears charged to the Self-Insurance Fund by the Office of the County Attorney and 0.4 workyear charged by the

Program Summary

	Expenditures	WYs
Debt and Cash Management	454,950	3.8
Information Technology	1,529,730	6.6
Internal Audit	710,330	4.3
Accounts Payable	417,570	6.7
General Accounting	1,697,180	17.9
Payroll	493,150	6.6
Property Taxes	828,910	12.3
Transfer and Recordation Tax/Public Advocate	1,173,850	14.6
Treasury Operations	260,220	4.0
Insurance	36,905,780	4.0
Occupational Safety and Health	552,620	5.0
Legal Services	1,661,720	17.0
Operations and Administration	2,426,120	13.7
Totals	49,112,130	116.5

Trends



General Fund component of Finance (Controller Division) for services provided in support of Risk Management.

HIGHLIGHTS

- ❖ **Add a position to administer the Bay Restoration Fund fee collection mandated by the State.**
- ❖ **Add a position and resources to continue implementation of the Government Compliance Initiative.**
- ❖ **Add a position in the Grants Section to perform accounting, financial reporting, and compliance responsibilities to support the increased workload related to Homeland Security and other Federal and State grants.**
- ❖ **Productivity Enhancements**
 - **Implemented Phase I of Electronic Timesheet Reporting and Management Project. In Phase I 1,000 employees are scheduled to be online by the fall of 2005.**
 - **Implemented automated mass payment web site dedicated to providing lenders comprehensive real property taxpayer information. Site electronically allows customers to upload payment information to the County; validate the information to ensure accuracy, request billing information in different configurations; and obtain reports relative to payment activity.**
 - **Developed and implemented Risk Management website, which contains information about how to report workers' compensation, automobile and general liability claims, and provides employee safety information.**
 - **Implemented online reporting of workers' compensation claims.**
 - **Implemented scanning technology in Risk Management.**

PROGRAM CONTACTS

Contact Nancy Moseley of the Department of Finance at 240.777.8886 or Philip Weeda of the Office of Management and Budget at 240.777.2780 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Debt and Cash Management

This program provides support for effective debt and cash management with the goal of maintaining the County's AAA General Obligation Bond debt rating, and the active investment of the County's working capital to generate investment income. The program's objectives include managing the timely and economic issuance of short- and long-term financial obligations; developing and maintaining strong rating agency and investor relations; preparing accurate and timely financing documents,

including the County's Annual Information Statement; ensuring strict compliance with disclosure requirements; coordinating bond counsel review; providing high-quality consulting services for County agencies, managers, staff, elected officials, the press, and citizens on issues related to debt and investment management, and management of the County's relationship with the banking community.

FY06 Recommended Changes

	Expenditures	WYs
FY05 Approved	514,030	4.8
FY06 CE Recommended	454,950	3.8

Information Technology

This program provides overall direction for the development of automated systems and technology to support effective and efficient achievement of the Department's mission. Activities are proactively coordinated with the Department of Technology Services, other County departments, and department staff to ensure consistency of department systems with Countywide automation policies and standards. The program oversees development, selection, procurement, implementation, and maintenance of the Finance Department's automated systems and components. This program is also responsible for managing data integrity, security, and controls within the County's financial and procurement systems, including timely and comprehensive completion of financial systems upgrades, effective education of County financial systems users, timely response to customer questions, proactive trouble shooting and system maintenance, and the timely and accurate provision of internal financial reports.

FY06 Recommended Changes

- ❑ **Continue multi-year implementation of the Electronic Time Reporting and Management System.**

	Expenditures	WYs
FY05 Approved	1,181,930	6.6
FY06 CE Recommended	1,529,730	6.6

Internal Audit

This program provides accurate, independent, and useful information through audit services to assist Executive Branch managers in the effective discharge of their responsibilities. Internal Audit is mandated by County Charter, Article 2, Executive Branch Section 218. The program provides identification of areas of risk in accountability systems; conducts fiscal, contract, performance, and information systems audits for financial compliance, economy, efficiency, and effectiveness; oversees investigative audits and audits required by law; provides advice to departments on internal control issues; and communicates the actions necessary for enhancing accountability.

FY06 Recommended Changes

- ❑ **Continue implementation of the Government Compliance Initiative. This effort is in response to the business sector's focus on management's role in auditing and reporting, and the role of management in ensuring sufficient financial and non-financial controls.**

	Expenditures	WYs
FY05 Approved	576,240	3.8
FY06 CE Recommended	710,330	4.3

Accounts Payable

This program is responsible for timely and accurate payments to vendors for goods and services provided to the County; for complying with County policies and procedures; and carrying out State and Federal reporting requirements. Payments to vendors are initiated and approved by individual departments. The Accounts Payable program is responsible for review and final approval of payments of \$5,000 or more, as well as most refunds and other non-expenditure disbursements. Payments under \$5,000 are individually reviewed and approved by operating departments and potentially subject to post-payment audit by Accounts Payable. The Accounts Payable program is also responsible for administration of the County's Purchasing Card Program which incorporates both purchasing and travel related expenditures.

FY06 Recommended Changes

	Expenditures	WYs
FY05 Approved	379,730	6.7
FY06 CE Recommended	417,570	6.7

General Accounting

This program is responsible for the analysis, interpretation, and presentation of the County's financial position and results of operations through timely, accurate, and professional financial reports. These reports provide public assurance as to the accountability and integrity of the use of County resources; adherence to budgetary policies established by management; and compliance with Federal, State, and County mandates. The program prepares the Comprehensive Annual Financial Report, Debt Service Booklet, Single Audit Report of Federal Grant Programs, and State Uniform Financial Report, as well as numerous other standardized and specialized reports. This program also provides high quality, timely service to County departments through technical assistance and through preparation, review, and approval of County financial transactions.

FY06 Recommended Changes

- ❑ *Add a position in the Grants Section to perform accounting, financial reporting, and compliance responsibilities to support the increased workload related to Homeland Security and other Federal and State grants. Non-CIP grant funding has increased 42 percent over the past three years since 9/11, including a doubling of estimated grants relating to Homeland Security.*

	Expenditures	WYs
FY05 Approved	1,501,640	17.1
FY06 CE Recommended	1,697,180	17.9

Payroll

This program is responsible for managing and maintaining the County's payroll system and functions as prescribed by Federal, State, and County laws, and local regulations. The program

provides timely and accurate payroll disbursements to County employees, accounts for payroll deductions, issues W-2 statements to account for pre-tax and post-tax benefits, maintains official payroll and leave records, and responds to internal and external inquiries. The program proactively operates in conjunction with other County departments to maintain the Human Resources Management System and to develop efficient and effective improvements to this system.

FY06 Recommended Changes

	Expenditures	WYs
FY05 Approved	451,220	6.6
FY06 CE Recommended	493,150	6.6

Property Taxes

This program is responsible for collection of property taxes, which are the County's largest revenue source. The program provides accurate calculation and timely distribution of tax bills, accounting and distribution of tax collections to municipalities, and timely collection of delinquent accounts through the tax lien sale process. This program manages numerous tax credit, deferral, and assistance programs. The public tax information portion of the property tax provides accurate and timely tax and account information to attorneys, title companies, and the public for preparation of property settlements and other uses.

FY06 Recommended Changes

- ❑ *Add a position to implement the Bay Restoration Fund fee collection mandated by the State.*

	Expenditures	WYs
FY05 Approved	704,220	11.3
FY06 CE Recommended	828,910	12.3

Transfer and Recordation Tax/Public Advocate

The primary responsibility of this program is the timely and accurate processing and collection of the transfer and recordation taxes associated with Real Property transfers and Recordation of Instruments of Writing. The Public Advocate for Assessments and Taxation provides an independent review of State-determined property tax assessment valuations for fairness and accuracy.

FY06 Recommended Changes

	Expenditures	WYs
FY05 Approved	1,084,220	14.6
FY06 CE Recommended	1,173,850	14.6

Treasury Operations

This program is responsible for providing coordination and oversight of treasury operations, and customer services through the cashing function. It is also responsible for accurate revenue and economic forecasting, and publishing reports on economic and revenue analyses on a monthly and quarterly basis for dissemination to the County Council and public. The program is also responsible for the accurate recordation and processing of all excise taxes. In addition, Treasury Operations administers the County's Working Families Income Supplement

program.

FY06 Recommended Changes

	Expenditures	WYs
FY05 Approved	221,400	4.0
FY06 CE Recommended	260,220	4.0

Insurance

County Code 20-37 established the Montgomery County Self-Insurance Program. The program provides comprehensive property and casualty insurance for the County and participating agencies. The program is funded through contributions from the agencies, which are based upon an annual actuarial analysis of outstanding and projected future claims filed against the participants. The program provides accurate and timely insurance and risk management advice to participating agencies and reduces County and participating agency exposure to risk by: comparing the cost of commercially-available coverage to evaluate the best method of funding exposure to loss; transferring contractual risk under indemnification/hold harmless agreements; avoiding risk; operating proactive safety programs; and purchasing commercial insurance.

FY06 Recommended Changes

	Expenditures	WYs
FY05 Approved	31,089,040	4.0
FY06 CE Recommended	36,905,780	4.0

Occupational Safety and Health

This program coordinates reporting to Federal and State regulatory agencies on health and safety issues. The State-required injury reports and the mandated safety training and record keeping are completed on schedule. The program responds promptly to inspections and queries from the Maryland Occupational Safety and Health Administration. Accident prevention programs are conducted, and training is provided continuously in loss prevention and loss control to promote a safe and healthy work environment for County employees.

FY06 Recommended Changes

	Expenditures	WYs
FY05 Approved	525,160	5.0
FY06 CE Recommended	552,620	5.0

Legal Services

This program funds activities of the Office of the County Attorney, which provides legal services including investigation, negotiation, and litigation on behalf of the County and agencies that participate in the Self-Insurance Program.

FY06 Recommended Changes

	Expenditures	WYs
FY05 Approved	1,608,720	17.0
FY06 CE Recommended	1,661,720	17.0

Operations and Administration

This program includes operational support for the department as well as the administrative portions of the Director's Office, the Division of the Controller, the Treasury Division, and the Division of Risk Management. The program provides support for efficient, effective, and timely accomplishment of the department's mission, including budget development and oversight, personnel administration, strategic planning, and contract administration. The program also provides effective management of the financial aspects of economic development initiatives; proactive development of intergovernmental policy alternatives and impacts; and high quality consulting services for County agencies, managers, staff, elected officials, the press, and citizens.

FY06 Recommended Changes

- ☐ *Add a position in Risk Management to provide oversight and monitoring, and auditing of the cost claims.*

	Expenditures	WYs
FY05 Approved	2,232,410	13.5
FY06 CE Recommended	2,426,120	13.7

BUDGET SUMMARY

	Actual FY04	Budget FY05	Estimated FY05	Recommended FY06	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	5,275,951	5,530,830	5,592,960	5,912,610	6.9%
Employee Benefits	1,569,414	1,660,900	1,660,900	2,024,430	21.9%
County General Fund Personnel Costs	6,845,365	7,191,730	7,253,860	7,937,040	10.4%
Operating Expenses	772,520	1,273,870	1,273,870	1,639,380	28.7%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	7,617,885	8,465,600	8,527,730	9,576,420	13.1%
PERSONNEL					
Full-Time	96	95	95	97	2.1%
Part-Time	2	2	2	2	—
Workyears	88.8	86.0	86.0	87.3	1.5%
REVENUES					
Miscellaneous	8,308	0	0	0	—
Development District Fees	37,122	127,960	38,280	39,500	-69.1%
Procurement Card Rebate	5,000	7,030	10,240	12,290	74.8%
WSSC Reimb.: Benefit Charge on Tax Bill	65,000	97,830	65,000	100,710	2.9%
Municipalities Reimb.: Property Tax Services	0	49,080	49,080	50,500	2.9%
State Reimb.: Bay Restoration Fund	0	0	0	45,000	—
Dishonored Check Fee	54,407	35,000	35,000	35,000	—
Tax Certification Fee	7,523	5,600	1,800	6,000	7.1%
Tax Sale Fee	43,184	37,500	37,500	37,500	—
Child Support Payment Fees	18,168	17,700	18,000	18,000	1.7%
Conduit Bond Fees	77,815	105,160	119,690	135,260	28.6%
County General Fund Revenues	316,527	482,860	374,590	479,760	-0.6%
SELF INSURANCE INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	1,892,693	2,116,340	2,116,340	2,130,760	0.7%
Employee Benefits	630,897	625,450	625,450	660,790	5.7%
Self Insurance Internal Service Fund Personnel Costs	2,523,590	2,741,790	2,741,790	2,791,550	1.8%
Operating Expenses	34,276,206	30,862,570	34,230,570	36,744,160	19.1%
Capital Outlay	0	0	0	0	—
Self Insurance Internal Service Fund Expenditures	36,799,796	33,604,360	36,972,360	39,535,710	17.7%
PERSONNEL					
Full-Time	11	11	11	12	9.1%
Part-Time	0	0	0	0	—
Workyears	29.0	29.0	29.0	29.2	0.7%
REVENUES					
Montgomery County (Special, Entpr. & Int. Serv.)	3,619,390	5,662,900	5,662,900	6,339,820	12.0%
Montgomery County General Fund NDA	9,113,900	11,488,680	11,488,680	13,254,760	15.4%
Fire and Rescue Services	6,232,820	9,146,180	9,146,180	10,229,840	11.8%
Board of Education	10,521,320	13,589,130	13,589,130	13,783,860	1.4%
Montgomery College	294,720	400,430	400,430	468,110	16.9%
M-NCPPC	909,390	880,870	880,870	881,340	0.1%
Housing Opportunities Commission	556,370	757,180	757,180	771,480	1.9%
Revenue Authority	193,980	225,700	225,700	185,940	-17.6%
City of Gaithersburg	178,940	263,920	263,920	263,920	—
City of Rockville	966,880	1,183,090	1,183,090	1,391,270	17.6%
Takoma Park	400,000	356,610	356,610	428,960	20.3%
Housing Authority-City of Rockville	21,090	30,750	30,750	30,750	—
Other Municipal Income	33,050	63,590	63,590	56,640	-10.9%
Other - Recovered Losses	1,257,994	669,500	669,500	650,000	-2.9%
Investment Income - Pooled and Non-Pooled	801,023	1,525,000	2,209,980	3,400,000	123.0%
Miscellaneous	128,530	0	430,500	0	—
Self Insurance Internal Service Fund Revenues	35,229,397	46,243,530	47,359,010	52,136,690	12.7%
DEPARTMENT TOTALS					
Total Expenditures	44,417,681	42,069,960	45,500,090	49,112,130	16.7%
Total Full-Time Positions	107	106	106	109	2.8%
Total Part-Time Positions	2	2	2	2	—

	Actual FY04	Budget FY05	Estimated FY05	Recommended FY06	% Chg Bud/Rec
Total Workyears	117.8	115.0	115.0	116.5	1.3%
Total Revenues	35,545,924	46,726,390	47,733,600	52,616,450	12.6%

FY06 RECOMMENDED CHANGES CROSSWALK

	Expenditures	WYs
COUNTY GENERAL FUND		
FY05 ORIGINAL APPROPRIATION	8,465,600	86.0
<u>Changes (with service impacts)</u>		
Enhance: Government Compliance Initiative [Internal Audit]	106,730	0.5
Add: Position for Bay Restoration Fund Implementation [Property Taxes]	84,730	1.0
Enhance: Homeland Security Grants Management [General Accounting]	70,160	0.8
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: FY06 Compensation	271,280	0.0
Increase Cost: Annualization of Electronic Timesheet Reporting Project [Information Technology]	237,390	0.0
Increase Cost: Annualization of FY05 Personnel Costs	154,520	0.0
Increase Cost: FY06 Group Insurance Rate Adjustments	118,330	0.0
Increase Cost: FY06 Retirement Rate Adjustments	87,340	0.0
Increase Cost: Records Management Chargeback	11,440	0.0
Increase Cost: Computer Maintenance and Licenses [Information Technology]	10,480	0.0
Increase Cost: Annualization of FY05 Operating Expenses	9,840	0.0
Increase Cost: Central Duplicating and Postage	4,560	0.0
Increase Cost: Copier Contracts	3,380	0.0
Decrease Cost: Senior Executive Administrative Aide Position [Operations and Administration]	-59,360	-1.0
FY06 RECOMMENDATION:	9,576,420	87.3
SELF INSURANCE INTERNAL SERVICE FUND		
FY05 ORIGINAL APPROPRIATION	33,604,360	29.0
<u>Changes (with service impacts)</u>		
Enhance: Add Insurance Fund Manager [Operations and Administration]	77,360	0.8
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Claims payment and IBNR per Actuarial study [Insurance]	5,225,000	0.0
Increase Cost: Anticipated Claims Administration Contract Cost Increase [Insurance]	318,890	0.0
Increase Cost: Commercial Property Insurance Policy [Insurance]	156,640	0.0
Increase Cost: Annualization of FY05 Personnel Costs	73,850	0.0
Increase Cost: Biennial Claims Audit [Insurance]	40,000	0.0
Increase Cost: Fiduciary Liability Insurance Policy [Insurance]	38,000	0.0
Increase Cost: FY06 Compensation	34,040	0.0
Increase Cost: Insurance crime policy and special events premiums [Insurance]	23,320	0.0
Increase Cost: FY06 Retirement Rate Adjustments	10,550	0.0
Decrease Cost: Reduce chargeback from Controller's Division [Insurance]	-66,300	-0.6
FY06 RECOMMENDATION:	39,535,710	29.2

FUTURE FISCAL IMPACTS

Title	CE REC.				(\$000's)		
	FY06	FY07	FY08	FY09	FY10	FY11	
This table is intended to present significant future fiscal impacts of the department's programs.							
COUNTY GENERAL FUND							
Expenditures							
FY06 Recommended	9,576	9,576	9,576	9,576	9,576	9,576	
No inflation or compensation change is included in outyear projections.							
Annualization of Positions Recommended in FY06	0	65	65	65	65	65	
Annualize positions for the Homeland Security Grants Manager and the Government Compliance Initiative Manager. These positions are generally assumed to be filled at least two months after the fiscal year begins. Therefore, the above amounts reflect annualization of these positions in the outyears.							
Elimination of One-Time Items Recommended in FY06	0	-19	-19	-19	-19	-19	
Items recommended for one-time funding in FY06, including the start-up costs associated with the Bay Restoration Fund program (\$4,500), the Homeland Security Grant position (\$4,500), the Government Compliance Initiative (\$4,000), and operating expenses for the records management chargeback (\$5,720), will be eliminated from the base in the outyears.							
Labor Contracts	0	339	399	399	399	399	
These figures represent the annualization of FY06 increments, general wage adjustments, and associated benefits. Estimated compensation (e.g., general wage adjustment and service increments) for personnel are included for FY07 and beyond.							
Electronic Timesheet	0	-100	-369	-636	-646	-646	
Assumes purchase of entire system over three years through a Master Lease program							
Subtotal Expenditures	9,576	9,862	9,653	9,387	9,377	9,377	
SELF INSURANCE INTERNAL SERVICE FUND							
Expenditures							
FY06 Recommended	39,536	39,536	39,536	39,536	39,536	39,536	
No inflation or compensation change is included in outyear projections.							
Annualization of Positions Recommended in FY06	0	19	19	19	19	19	
Annualize Insurance Fund Manager for the Risk Management Fund. Therefore, the above amounts reflect annualization of the position in the outyears.							
Claims Audit	0	-40	0	-40	0	-40	
Biennial audit will consist of a review of several hundred files to verify that claims are being handled appropriately within industry standards and in compliance with the contract.							
Elimination of One-Time Items Recommended in FY06	0	5	5	5	5	5	
Items recommended for one-time funding in FY06, including the start-up costs for the Insurance Fund Manager, will be eliminated from the base in the outyears.							
Labor Contracts	0	167	198	198	198	198	
These figures represent the annualization of FY06 increments, general wage adjustments, and associated benefits. Estimated compensation (e.g., general wage adjustment and service increments) for personnel are included for FY07 and beyond.							
Subtotal Expenditures	39,536	39,687	39,757	39,717	39,757	39,717	

DEPARTMENT OF FINANCE

Departmental Program Structure and Outcome Measures

Mission

To prudently manage financial operations, recommend and implement sound fiscal policies, safeguard public assets, and encourage a safe environment on public property.

Guiding Principles

The Department accomplishes its mission and achieves its vision by adopting the County's Vision Statement and Guiding Principles as its own and by:

- Adhering to the highest professional standards
- Promoting employee growth and development
- Being timely
- Providing thorough, accurate, objective analysis
- Being proactive
- Practicing organization loyalty



DEPARTMENTAL OUTCOMES	FY02 ACTUAL	FY03 ACTUAL	FY04 ACTUAL	FY05 BUDGET	FY06 CE REC
Bond rating by three rating agencies ^a	AAA	AAA	AAA	AAA	AAA
Certificate of Achievement for Excellence in Financial Reporting ^b	Yes	Yes	b	b	b

Notes:

^aAAA bond rating from Standard and Poor's and Fitch, Inc.; Aaa from Moody's Investor Service, Inc.

^bContinuing practices are necessary to qualify for the Government Finance Officers Association (GFOA) Certificate of Achievement. Montgomery County has been awarded this certificate 34 times, more than any other county

FINANCE

PROGRAM:

Debt and Cash Management

PROGRAM ELEMENT:
PROGRAM MISSION:

To maintain the County's AAA general obligation bond debt rating by managing timely short- and long-term debt issues and managing the County's working capital investment portfolio within its approved investment policy; developing and maintaining strong agency and banking/investor relations; preparing accurate and timely financing documents, including the County's Annual Information Statement; ensuring strict compliance with disclosure requirements; coordinating bond counsel review; and providing high-quality consulting services for County agencies, managers, staff, elected officials, the press, and citizens on issues related to debt and cash management

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY02 ACTUAL	FY03 ACTUAL	FY04 ACTUAL	FY05 BUDGET	FY06 CE REC
Outcomes/Results:					
Bond rating by three rating agencies ^a	AAA	AAA	AAA	AAA	AAA
Average rate of return on County investments (%)	2.60	1.59	1.13	2.30	3.00
Difference between the County's rate of return and the industry benchmark (basis points) ^b	+63	+61	+53	+50	+50
Interest earned on pooled investments (\$000)	20,707	11,095	6,412	15,980	22,042
Service Quality:					
Efficiency:					
Program costs as a percentage of total financing proceeds	0.04	0.05	0.08	0.10	0.11
Workload/Outputs:					
Development districts administered	2	2	2	2	2
Development district financings	1	0	0	3	0
Conduit financings	4	1	3	5	4
Master lease financings	0	3	0	3	5
Other debt or lease financings	8	9	6	5	4
Total proceeds from financings (\$ millions)	776.6	782.4	496.4	540.1	421.6
County direct debt outstanding (\$ millions) ^f	1,455.8	1,490.9	1,552.0	NA	NA
Inputs:					
Personnel expenditures (\$000) ^d	275	414	413	514	455
Workyears ^d	2.9	4.9	4.8	4.8	3.8

Notes:

^aAAA bond rating from Standard and Poor's and Fitch, Inc.; Aaa from Moody's Investor Service, Inc.

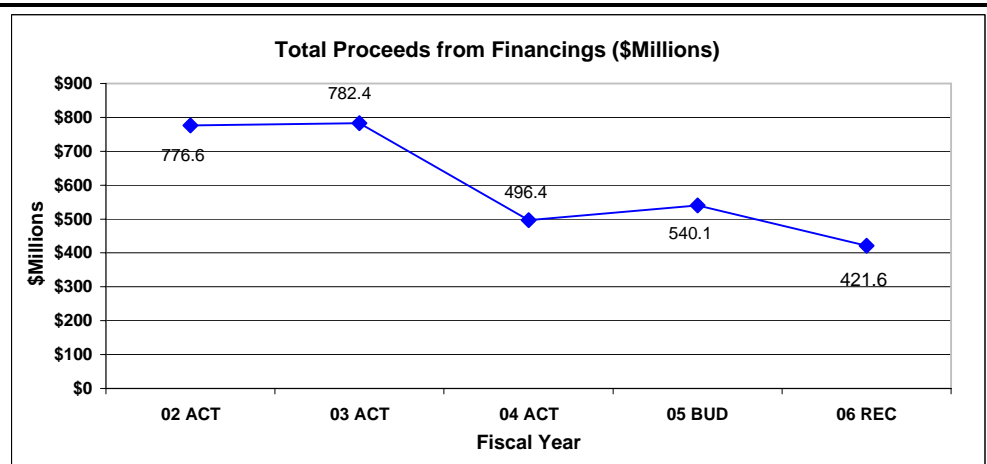
^bThe industry benchmark used is the Money Fund Report Money Fund Index. 100 basis points is equal to 1 percent.

^cAs of June 30 of the fiscal year. Debt outstanding is difficult to estimate due to volatility in expected financing schedules.

^dOperating expenses are included under Administration. Expenditures and workyears for FY02 were shifted from the Financial and Economic Analysis Program. The increase in FY03 reflects the merger of debt management with the cash management function transferred from Treasury Operations. FY02 - FY06 reflect budgeted workyears. The FY06 decrease is due to the shift of one position to Operations and Administration.

EXPLANATION:

The Debt and Cash Management Program manages the County's short-term working capital investment portfolio and arranges for the timely and cost effective issuance of short- and long-term debt. The ability to manage risk and maximize investment yield is paramount to this program. The ability to raise capital through short- and long-term financing for infrastructure and other public purposes - spreading the costs over the useful life of the infrastructure - is indicative of sound fiscal policy. The achievement of the AAA bond rating from the three major bond rating agencies ensures the lowest cost possible for the County's debt.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Office of Management and Budget; Office of the County Attorney; County Council and staff; program departments; bond counsel; financial advisors.

MAJOR RELATED PLANS AND GUIDELINES: Montgomery County Code; Approved Capital Improvements Program.

FINANCE

PROGRAM:

Property Taxes

PROGRAM ELEMENT:
PROGRAM MISSION:

To provide for the timely, accurate, and complete calculation, processing, and distribution of tax bills; timely collection of delinquent accounts; and prompt, courteous, and accurate information and responses to inquiries by taxpayers, the real estate industry, and business entities

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES
Outcomes/Results:

	FY02 ACTUAL	FY03 ACTUAL	FY04 ACTUAL	FY05 BUDGET	FY06 CE REC
Percentage of tax liens for delinquent property taxes that were sold at tax sale	0.25	0.48	0.41	0.43	0.43

Service Quality:

Average time on hold waiting for an operator when making a telephone inquiry (minutes) ^a	4.8	1.2	1.0	1.0	1.0
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Efficiency:

Property tax accounts billed per program workyear	23,592	23,732	24,085	25,940	24,266
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Workload/Outputs:

Property tax accounts billed (000)	335	337	342	345	347
Personal	30	30	30	30	30
Real	305	307	312	315	317
Solid Waste Systems Benefit Charge	305	307	312	315	317
Parking Districts	6	6	6	6	6
Washington Suburban Sanitary Commission	97	98	98	100	101
Municipalities	56	58	58	60	60
Property tax revenues - all funds (\$000)	880,740	933,557	994,386	1,076,792	1,174,698
Number of tax liens for delinquent property taxes that were sold at tax sale	774	1,621	1,414	1,500	1,500
Operator-answered telephone inquiries (000)	71	74	63	65	62

Inputs:

Personnel expenditures (\$000) ^b	805	836	913	935	1,044
Workyears ^b	14.2	14.2	14.2	13.3	14.3

Notes:

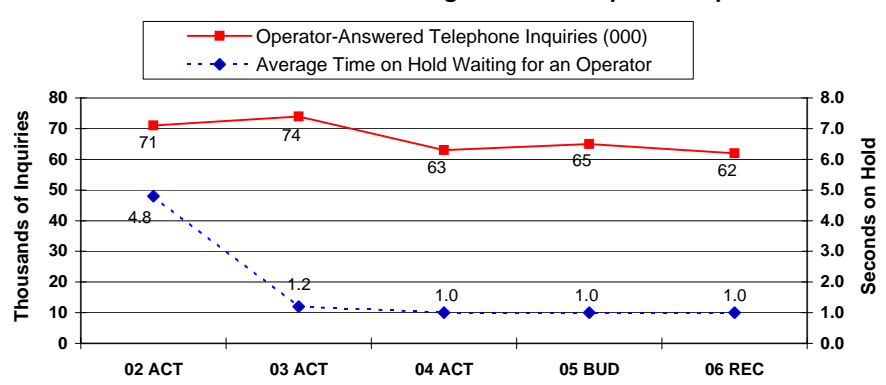
^a These figures do not reflect the fact that callers may receive a busy signal or may choose to terminate the call if the waiting time is unacceptable to them. In FY03, additional resources (staff and temporaries) with more experience were directed towards customer service and responding to telephone inquiries, thus significantly reducing the waiting time.

^b Operating expenses are included under Administration. FY02 - FY06 reflect budgeted workyears. FY05 - FY06 expenditures and workyears are gross amounts that include new chargebacks to certain enterprise funds. The FY06 increase is due to collection of the State-mandated Bay Restoration Fee.

EXPLANATION:

This program is designed to inform and educate taxpayers regarding their property tax obligations and the County's property tax system in a timely, effective manner. Automated systems such as Interactive Voice Response (IVR) and the County's Finance Department web page are expected to continue to reduce the number of calls received, but the length of calls is expected to increase. It is possible that those callers that continue to make telephone contact may have more complex issues and questions, whereas automated systems such as IVR and the web are handling less complex issues.

Trends in Volume and Holding Time for Telephone Inquiries



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: State Department of Assessments and Taxation, municipal districts, County taxpayers and businesses.

MAJOR RELATED PLANS AND GUIDELINES: